(c) The transfer pricing rules 10A to 10E of the Income-tax Rules have been prescribed *vide* notification No.S.O.808(E) dated 21.8.2001.

(d) Rules 10A to 10E prescribe the procedure of determination of arm's length price, most appropriate method to be applied, information and documents to be kept and maintained by the assessee and the form of the report from an accountant to be furnished alongwith the return of income.

Working conditions of employees of PSUs

†*627. DR. PRABHA THAKUR : Will the Minister of FINANCE be pleased to state :

(a) whether working conditions of employees working with Public Sector Undertakings will remain unchanged in private companies also in case, Public Sector Undertakings are sold to the private companies; and

(b) if not, the details of the scheme formulated by Government to provide employment to thousands of such workers rendered unemployed ?

THE MINISTER OF FINANCE (SHRI JASWANT SINGH) : (a) and (b) Protection of employees interest is an integral part of the disinvestment policy of the Government. Adequate provisions are made in the Transaction Agreements, executed as a part of strategic sale to ensure protection to employees.

The Agreements provide that there is no retrenchment of employees for one year after disinvestment and even thereafter separation is possible only under the Voluntary Retirement Scheme as applicable under DPE guidelines or the Voluntary Retirement Scheme which was prevailing in the company prior to disinvestment, whichever is more beneficial for the employees.

Comments of UNIDO on FDI

*628. DR. AKHILESH DAS : Will the Minister of FINANCE be pleased to state :

(a) whether Government's attention has been drawn to the statement of the Director General United Nations Industrial Development Organization in New Delhi made on April 1, 2003 to the effect that India could "easily" double its foreign direct investment inflow by bringing about policy changes including labour regulations;

(b) if so, what specific changes in India's policy are sought to be brought about by the UNIDO Chief; and

(c) what is Government's reaction thereto?

---

†Original notice of the question was received in Hindi.

THE MINISTER OF FINANCE (SHRI JASWANT SINGH) : (a) Yes, Sir.

(b) The Statement made by the Director General UNIDO, does not contain any specific suggestion for policy revision.

(c) Government has put in place a liberal Foreign Direct Investment (FDI) policy and most of the sectors have been put on the automatic route. FDI inflows have registered consistent growth since 1991. FDI inflows have grown by 66% during the financial year 2001-2002 over that of 2000-2001. The FDI policy is reviewed on an ongoing basis by a Group of Ministers (GoM) on FDI constituted for this purpose.

Instructions to LIC to pay up S. Kumar's dues

*631. SHRI AMAR SINGH : Will the Minister of FINANCE be pleased to state :

(a) whether Government have asked the LIC to pay up S. Kumar's dues, to make it eligible for the Power Finance Corporation's credit enhancement guarantee for Shree Maheshwar Hydro Power Project in Madhya Pradesh;

(b) if so, what are the details thereof; and

(c) what are the specific reasons for which LIC has been instructed to subscribe to the tune of Rs. 100 crores ?

THE MINISTER OF FINANCE (SHRI JASWANT SINGH) : (a) No such direction has been given to Life Insurance Corporation of India (LIC) by the Government.

(b) and (c) A meeting was held in the Ministry of Power on 4th March, 2003. One of the Agenda Items in the meeting related to Shree Maheshwar Hydro Power Corporation Limited (SMHPCL). During discussions it was, *inter alia*, requested that LIC may reconsider the terms and conditions of the amount already sanctioned by it and make advance subscription of Rs. 100 crores to the proposed issue of Optionally Fully Convertible Debentures (OFCD's) by SMHPCL. This would enable the Company to resume construction work and obtain credit enhancement guarantee from Power Finance Corporation (PFC).

LIC is fully competent and authorised to take their own decisions on all investment matters in accordance with Insurance Regulatory and Development Authority (Investment Regulations), 2000. It is informed by LIC that they have not yet taken any decision on the above request.